

Message Text

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PAGE 01 MANAGU 03352 262321Z

21

ACTION EB-07

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SUBJECT: SECRETARY'S IEA/OECD PROPOSALS

REF: STATE 126216

1. SUMMARY. ON JUNE 2, 1975 EMBOFFS DISCUSSED THE SECRETARY'S IEA/OECD PROPOSALS WITH MINISTER OF FOREIGN RELATIONS DR. ALEJANDRO MONTIEL ARGUELLO AND VICE MINISTER DR. HARRY BODAN AND LEFT AN AIDE-MEMOIRE OUTLIRUNG THE MAJOR POINTS CONTAINED IN REFTTEL FOR THE MINISTRY'S FURTHER STUDY. WE HAVE NOW RECEIVED A REPLY IN A POLICY STATEMENT ENTITLED OVERALL POLICY CONCEPTS, PROBABLY DRAFTED BY BODEN. POLICY STATEMENTS FROM THE GON ARE RARE AND IT IS EVIDENT THAT SOME THOUGHT WENT INTO THE PREPARATION OF THESE VIEWS. AN UNOFFICIAL TRANSLATION OF THE DOCUMENT FOLLOWS. END SUMMARY.

2. BEGIN UNOFFICIAL TRANSLATION. THE MINISTRY OF FOREIGN RELATIONS HAS THE PLEASURE OF REFERRING TO THE JUNE 2 AIDE-MEMOIRE OF THE U.S. EMBASSY, RECEIVED WITH TEXTS OF THE SPEECHES MADE BY SECRETARY OF STATE HENRY KISSINGER, BEFORE THE OECD AND THE IEA IN MAY OF THIS YEAR.

THE MINISTRY OF FOREIGN RELATIONS HAS TAKEN DUE NOTE OF THE
UNCLASSIFIED

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PAGE 02 MANAGU 03352 262321Z

IMPORTANT ASPECTS OF THE SPEECHES REFERRED TO IN THE AIDE-MEMOIRE,

AND IS PRESENTING LIMITED AND PRELIMINARY COMMENTS ON CERTAIN MATTERS IT CONSIDERS OF SPECIAL INTEREST.

THESE DOCUMENTS ARE TAKEN TO BE A GENERAL FRAMEWORK OF REFERENCE OF THE DIRECTION OF THE FOREIGN POLICY OF THE UNITED STATES IN MATTERS

CONCERNING ENERGY, RAW MATERIALS, PRODUCER-CONSUMER RELATIONS, ECONOMIC GROWTH, FOOD,MMERCHANDISE, FINANCES AND COMMERCE. ALTHOUGH OTHER POINTS RELATED TO THE SPECIFIC PROBLEMS OF THE NON-INDUSTRIALIZED COUNTRIES ARE ALSO MENTIONED, THE GENERAL APPROACH IS ORIENTED TOWARDS THE PROBLEMS WHICH OECD MEMBER COUNTRIES MAY FACE NOW AND IN THE FUTURE.

IN LIKE MANNER, WHILE POSITIVE PROPOSALS ARE CONTAINED, THEY ARE STATED IN GENERAL TERMS. THESE THEMES REFLECT A FUNDAMENTAL CHANGE IN THE SPECIFIC PROBLEMS WHICH THE DEVELOPING COUNTRIES (LDCS) FACE AND POSSIBLY WILL HAVE TO FACE IN THE SHORT, MEDIUM, AND LONG TERM.

RELATIONS BETWEEN PRODUCER AND CONSUMER COUNTRIES - REGARDING THE RELATIONS BETWEEN PRODUCER AND CONSUMER COUNTRIES, IT IS ACCEPTED THAT ANY EFFECTIVE SOLUTION TO THE PROBLEMS ARISING IN AREAS SUCH AS ENERGY, FOR EXAMPLE, SHOULD BE APPROACHED JOINTLY. FOR THIS DIALOGUE TO BE OF BENEFIT TO OUR COUNTRIES, HOWEVER, PARTICULAR ATTENTION MUST BE GIVEN TO THE PROBLEMS OF THE TERMS OF TRADE, WITHOUT WEAKENING THE ABILITY OF LDC PRODUCERS OF AGRICULTURAL AND OTHER RAW MATERIALS TO ASSOCIATE TO PROTECT AGAINST ADDITIONAL DAMAGES TO THEIR TERMS OF TRADE. ON THE OTHER HAND, IT WOULD BE REASON FOR CONCERN IF ALL THE COUNTRIES INTERESTED, ESPECIALLY THE LDCS, WERE NOT EQUITABLY REPRESENTED IN THE COMMISSIONS.

FOR EXAMPLE, IT WOULD BE USEFUL TO CONSIDER THAT CENTRAL AMERICA BE REPRESENTED WITHOUT NEGLECTING THE PROBLEMS OF THE LEAST DEVELOPED COUNTRIES OR THOSE MOST SERIOUSLY AFFLICTED. IT SHOULD ALSO BE NOTED THAT ALL LDCS HAVE BEEN SERIOUSLY AFFECTED BY THE ENERGY CRISIS AND THE CURRENT WORLD RECESSION, AND THAT GENERALLY THEY HAVE SUFFERED DELAYS IN THEIR PLANS OF ECONOMIC GROWTH.

NICARAGUA IS PREPARED TO DISCUSS THESE PROBLEMS WITH OTHER STATES
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MANAGU 03352 262321Z

WITH THE PURPOSE OF DEVELOPING WAYS TO IMPROVE THE DEFENSE OF THEIR COMMON INTERESTS.

FINALLY, WE BELIEVE THAT A REVISION SHOULD BE MADE TO THE LIST OF THE UNITED NATIONS WITH RESPECT TO THE COUNTRIES MOST DAMAGED BY THE ENERGY CRISIS, AS WE CONSIDER THERE HAS BEEN A WEAKENING IN ECONOMIC GROWTH IN THE WORLD DUE TO EXTERNAL CHANGES, AMONG OTHERS THE HIGH COST OF ENERGY IN SOME COUNTRIES INCLUDING

NICARAGUA.

ECONOMIC GROWTH - ON THIS SUBJECT, WE BELIEVE THAT THE SUSTAINED GROWTH OF THE INDUSTRIALIZED COUNTRIES EXPENDS THE POSSIBILITIES OF GROWTH FOR THE LDCS. AT THE SAME TIME IT WOULD BE USEFUL TO CONSIDER THE IMPACT THAT THE POLICY DECISIONS OF INDUSTRIALIZED COUNTRIES HAVE OVER THE CONOMY OF COUNTRIES SUCH AS NICARAGUA; IN DOING SO IT IS CORRECT TO SUGGEST THAT WHEN TAKING POSITIONS ON INTERNAL ECONOMIC POLICIES AMONG THE OECD COUNTRY MEMBERS, THE EFFECTS OF THESE ON THE ECONOMIES OF THE LDCS SHOULD BE TAKEN INTO ACCOUNT.

FOOD - WE CONSIDER PRAISEWORTHY THE ACTIONS AND EFFORTS OF THE UNITED STATES AND OTHER GOVERNMENTS RELATIVE TO THE INCREASE OF STRATEGIC FOOD STOCKPILES IN DIFFERENT AREAS OF THE WORLD, BUT OF EQUAL IMPORTANCE WE BELIEVE THAT GREATER EMPHASIS MUST BE GIVEN TO THE TRANSFER OF TECHNOLOGY AND FINANCING TO ENABLE LDCS TO INCREASE THEIR FOOD PRODUCTION AND TRY, IN THIS MANNER, TO SOLVE MORE EFFECTIVELY THE CRISIS PRESENTLY AFFLICTTNG THE WORLD.

COMMERCE - THE MINISTRY BELIEVES THAT AGREATER ACCESS TO THE INTERNATIONAL MARKETS SHOULD BE PROVIDED FOR THE NON-TRADITIONAL PRODUCTS OF THE LDCS. WE EQUALLY BELIEVE THAT IT WOULD BE USEFUL TO REVISE VARIOUS OF THE EXISTING MECHANISMS, SUCH AS THE TERMS GRANTED BY THE IMF WHICH TRY TO STABILIZE THE EXPORT EARNINGS OF THE LDCS, TERMS WHICH NOW REPRESENT A PARTIAL AND TEMPORARY RELIEF AND DO NOT SOLVE THE PROBLEMS AS A WHOLE. ALSO, THE DEVELOPED COUNTRIES MUST TRY TO ELIMINATE THEIR TARIFF AND NON-TARIFF BARRIERS TO LDCD PRODUCTS. LIKEWISE, THEY SHOULD EXPAND THE SYSTEM OF TARIFF PREFERENCES AND ENDEAVOR THAT THESE SYSTEMS ARE NOT IMPAIRED IN THE MULTILATERAL NEGOTIATIONS OF THE GATT OR ESTABLISHING, IN THIS CASE, A CORRESPONDING COMPENSATORY MECHANISM.

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PAGE 04 MANAGU 03352 262321Z

FINANCES - ON INTERNATIONAL FINANCE WE WOULD LIKE TO EMPHASIZE THE IMPORTANCE OF SOMETHING WHICH IS NOT MENTIONED IN ANY OF THE REFERENCED DOCUMENTS. IT IS THE NEED FOR A MORE ADEQUATE DISTRIBUTION OF INTERNATIONAL LIQUIDITY, BE IT THROUGH A REVISION OF THE QUOTA SYSTEM IN THE INTERNATIONAL MONETARY FUND OR THROUGH A MORE EFFICIENT AND FAIR ASSIGNMENT OF SPECIAL DRAWING RIGHTS. ON THE OTHER HAND, AND ALTHOUGH THE CREATION IN 1976 OF A SPECIAL FUND TO BE ADMINISTERED BY THE INTERNATIONAL MONETARY FUND WHICH WILL GRANT HIGHLY CONCESSIONARY ASSISTANCE TO THE NATIONS MOST SERIOUSLY AFFECTED IS A PRAISEWORTHY AND FAIR IDEA, WE WOULD LIKE TO NOTE AGAIN THAT ALL THE LDCS HAVE THE SAME PROBLEMS IN A HIGHER OR LESSER DEGREE; THOUGH SOME OF US ARE IN A BETTER RELATIVE POSITION DUE TO OUR OWN EFFORTS FOR BETTER INTERNAL ECONOMIC POLICIES, THIS DOES NOT MEAN THAT

WE HAVE BEEN ANY LESS AFFECTED. MANAGUA, AUGUST 14, 1975.
END TRANSLATION.

3/ A COPY OF THE SPANISH TEXT OF THE PAPER HAS BEEN SENT
ARA/CEN.
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